



Human Services Department
Medical Assistance Division
Coordination of Long-Term Services (CoLTS) Program
Fact Sheet – Attachment #2

1915 B CoLTS Managed Care Cost Effectiveness Overview

1. MCO Payments:

- (a) The CoLTS population is divided into cohorts that are assigned a specific rate.
- (b) The state provides MCOs with a monthly per member per month (PMPM) capitation payment for each enrolled member.
- (c) The capitation rates are negotiated annually with each MCO and are certified to be actuarially sound. The rates are structured to cover projected service costs plus administrative costs and margin. The state develops capitation rates for each of the five Medicaid Eligibility Groups (MEGs), as shown in Table 1 below.

Table 1 - CoLTS Medicaid Eligibility Groups

MEG	Population
1	Dual Eligibles—NF LOC*—CoLTS
2	Dual Eligibles—NF LOC—Mi Via
3	Medicaid Only—NF LOC—CoLTS
4	Medicaid Only—NF LOC—Mi Via
5	"Healthy" Dual Eligibles

*Nursing facility level of care

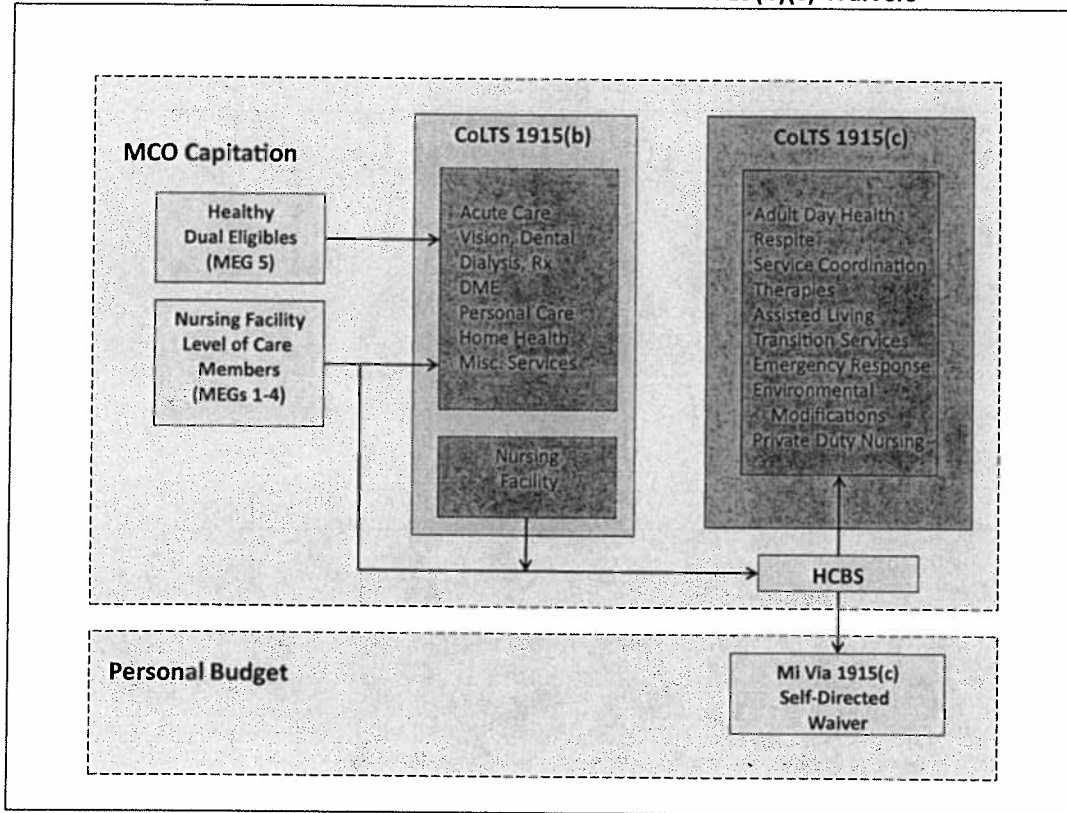
- (d) The MEGs are based on an individual's level of care, not setting of care (i.e., nursing facility or community). Consequently, MCOs—as the coordinator of members' services and supports—are incentivized to discourage unnecessary nursing facility admissions and lengthy nursing facility stays and promote community-based living.
- (e) The MEGs also create an incentive for the MCOs to properly assess their members. Individuals who were not previously assessed as meeting a nursing facility level of care (and would have been categorized as a "healthy dual") may be found to meet a nursing facility level of care when assessed by the MCO. These individuals will benefit by having their unmet needs for long-term services and supports addressed. However, by moving these individuals to a MEG other than MEG 5 (healthy dual eligibles), the capitation rate that the state pays to the MCO will increase. This dynamic is discussed in more detail below.

2. Program Structure:

- (a) Figure 1 illustrates how CoLTS is structured. Individuals who are not assessed at nursing facility level of care (i.e., "healthy" dual eligibles) are eligible to receive Medicaid State Plan services only under the 1915(b) waiver. Individuals assessed at nursing facility level of care have access to Medicaid State Plan services as well as home and community-based services under the 1915(c) waiver.¹ However, these individuals may choose between CoLTS home and community-based services and the Mi Via waiver, which provides individuals with a personal budget and allows them to self-direct their home and community-based services. Because Mi Via operates separately from CoLTS, funds for Mi Via personal budgets are not included in the MCOs' CoLTS capitation payments.

¹ As discussed below, availability of home and community-based services is subject to openings in the 1915(c) waiver and legislative appropriations.

Figure 1 - Structure of the CoLTS Concurrent 1915(b)(c) Waivers



Source: The Hilltop Institute, UMBC.

- (b) Table 2 shows enrollment in CoLTS by MEG. “Healthy” dual eligibles—those who have not been assessed at nursing facility level of care—comprise 45.6 percent of the CoLTS population. Only 1.7 percent of CoLTS members (dual eligibles and Medicaid-only) are enrolled in the Mi Via waiver for their home and community-based services.

Table 2 - Enrollment in CoLTS by Medicaid Eligibility Group (MEG), November 2010

MEG	Population	Number	Percent of Total
1	Dual Eligibles—NF LOC*—CoLTS	14,269	37.2%
2	Dual Eligibles—NF LOC—Mi Via	582	1.5%
3	Medicaid Only—NF LOC—CoLTS	6,434	16.7%
4	Medicaid Only—NF LOC—Mi Via	239	0.5%
5	“Healthy” Dual Eligibles	16,836	43.9%
	Total	37,480	100.0%

*Assessed at Nursing Facility Level of Care.

Source: The Hilltop Institute, UMBC.

- (c) Under the terms of the CoLTS 1915(c) waiver, the maximum number of unduplicated participants permitted to receive 1915(c) home and community-based services in SFY 2011 is 3,989 individuals. Legislative appropriations further restrict this number to 3,500. CoLTS members who are assessed at nursing facility level of care but do not receive 1915(c) services because of budgetary constraints rely on the Personal Care Option and home health services under the Medicaid State Plan for their community-based supports. Presently about 14,980 individuals are in this category.

3. Cost Avoidance for the State

- (a) The cost effectiveness and cost neutrality calculations required by CMS for concurrent 1915(b)(c) waivers compare expenditure projections for the waiver period with actual expenditures under the waiver. These calculations do not compare actual expenditures under the waiver to what the state would have spent without the waiver, so the waiver calculations cannot answer the following question: Has the CoLTS program resulted in cost avoidance for the state? In other words, how does the average per capita cost of providing services to CoLTS members compare to the average per capita cost the state is likely to have incurred for this population if CoLTS had not been implemented?
- (b) Table 3 shows estimated member months for the CoLTS population before and after program implementation in FY 2009. Member months are a measure of the number of people served. It is the sum of the total number of members each month during the fiscal year. Member months are expected to increase 6.9 percent from FY 2009 (the year in which CoLTS was implemented) to FY 2012 on a non-annualized basis.

It is important to note that the analysis of member months assumes that member months were not affected by the implementation of CoLTS; that is, the number of individuals in each MEG who were eligible to receive services on a given day would have been the same if CoLTS had not been implemented. Under CoLTS, the actual distribution of member months across MEGs varied from the state's initial projections (e.g., the new assessments placed some individuals initially categorized as "healthy duals" into other MEGs; member months were higher than projected for Mi Via). This has been accounted for in the analysis below.

Table 3 - Estimated Member Months for the CoLTS Population, by MEG, FY 2006 to FY 2012

MEG	FY 2006	FY 2007	FY 2008	FY 2009*		FY 2010	FY 2011	FY 2012
				CoLTS	Non-CoLTS			
With CoLTS								
1				97,501	67,793	169,626	174,351	178,593
2				3,037	1,578	5,386	5,536	5,671
3				35,390	26,087	66,386	68,235	69,895
4				1,370	448	2,306	2,370	2,428
5				129,212	78,379	203,982	209,664	214,765
Total				266,510	174,285	447,686	460,157	471,351
Without CoLTS								
1	52,298	156,630	160,962		165,294	169,626	174,351	178,593
2	2,300	3,072	3,843		4,615	5,386	5,536	5,671
3	46,748	51,658	56,567		61,477	66,386	68,235	69,895
4	355	843	1,330		1,818	2,306	2,370	2,428
5	218,419	214,810	211,201		207,591	203,982	209,664	214,765
Total	420,120	427,012	433,903		440,795	447,686	460,157	471,351

*FY 2009 was the phase-in year for CoLTS.

Source: New Mexico's 2010 1915(b) waiver renewal, Appendix D. Analysis by The Hilltop Institute at UMBC.

Assumptions: FY 2006 based on historical data; FY 2007 and FY 2008 estimated using a constant annual growth rate of 1.9 percent; FY 2009 based on actual data; FY 2010 based on a combination of actual and estimated data; and FY 2011 and FY 2012 based on estimates by the state's actuary.

- (c) Table 4 shows the PMPM cost before and after implementation of CoLTS. PMPM is the average cost of providing services to a member in an average month. In FY 2008—the year prior to implementation of CoLTS—the average PMPM was \$1,737. In FY 2009, with the launch of CoLTS, the PMPM was \$1,760; this compares to an estimated PMPM of \$1,812 if CoLTS had not been implemented.

**Table 4 - Estimated Average Per Member Per Month Cost for the CoLTS Population,
by MEG, FY 2006 to FY 2012**

MEG	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
With CoLTS							
1				\$3,026	\$2,813	\$2,885	\$2,966
2				\$2,780	\$3,032	\$3,151	\$3,270
3				\$3,779	\$4,005	\$4,192	\$4,398
4				\$3,855	\$4,085	\$4,263	\$4,471
5				\$281	\$196	\$208	\$220
Total				\$1,760	\$1,806	\$1,869	\$1,938
Without CoLTS							
1	\$2,895	\$3,010	\$3,139	\$3,274	\$3,382	\$3,494	\$3,609
2	\$2,173	\$2,259	\$2,356	\$2,457	\$2,538	\$2,622	\$2,709
3	\$3,039	\$3,170	\$3,306	\$3,448	\$3,562	\$3,680	\$3,801
4	\$2,799	\$2,919	\$3,045	\$3,176	\$3,280	\$3,389	\$3,500
5	\$375	\$389	\$406	\$424	\$438	\$452	\$467
Total	\$1,597	\$1,665	\$1,737	\$1,812	\$1,871	\$1,933	\$1,997

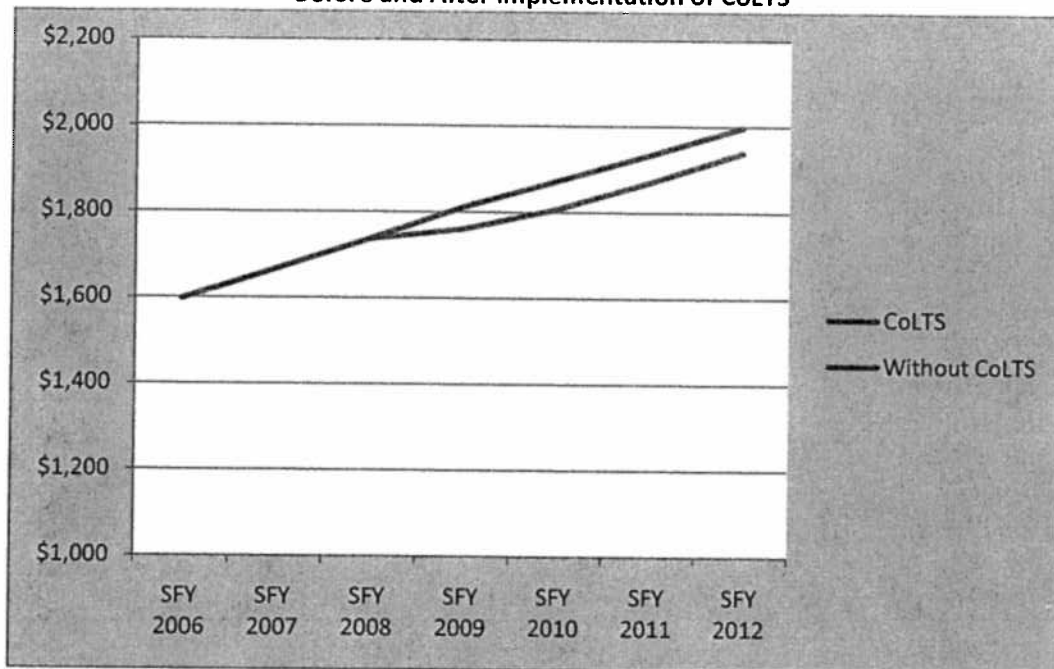
Source: New Mexico's 2010 1915(b) waiver renewal, Appendix D. Analysis by The Hilltop Institute at UMBC.

Assumptions:

- **With CoLTS:** Based on actual data for July 2008 through March 2010; projections for FY 2011 and FY 2012 based on estimates by the state's actuary.
- **Without CoLTS:** Uses historical data for FY 2006 and then assumes a 4.3 percent annual increase from FY 2006 to FY 2009 (adjusting for the implementation of Medicare Part D); thereafter, assumes a 3.3 percent annual increase to follow the Consumer Price Index for medical care.

- (d) As shown in Figure 2, with the CoLTS program, the average PMPM is projected to continue to be less than what the PMPM would have been without CoLTS through FY 2012. In FY 2011, the state is avoiding costs of \$64 per month on average for each CoLTS enrollee.

Figure 2 - Comparison of the Estimated Average Per Member Per Month Cost Before and After Implementation of CoLTS



Source: New Mexico's 2010 1915(b) waiver renewal, Appendix D. Analysis by The Hilltop Institute at UMBC.

Assumptions:

- **With CoLTS:** Based on actual data for July 2008 through March 2010; projections for FY 2011 and FY 2012 based on estimates by the state's actuary.
- **Without CoLTS:** Uses historical data for FY 2006 and then assumes a 4.3 percent annual increase from FY 2006 to FY 2009 (adjusting for the implementation of Medicare Part D); thereafter, assumes a 3.3 percent annual increase to follow the Consumer Price Index for medical care.

- (e) As shown in Table 5, the total cost of serving the CoLTS population in FY 2011 is projected to be \$860.2 million. This compares to a cost of \$889.6 million without CoLTS. *With CoLTS, the State will potentially avoid \$24.9 million in costs in FY 2011.* From the program's inception in FY 2009 through FY 2012, the State is expected to spend \$108.6 million less than it would have spent without CoLTS.

**Table 5 - Comparison of Total Costs of Serving the CoLTS Population
With and Without CoLTS, by MEG, FY 2006 to FY 2012 (\$ Thousands)**

MEG	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
With CoLTS							
1				\$500,104	\$477,087	\$503,032	\$529,681
2				\$12,827	\$16,328	\$17,442	\$18,544
3				\$232,305	\$265,906	\$286,076	\$307,370
4				\$7,009	\$9,420	\$10,103	\$10,855
5				\$58,423	\$39,978	\$43,545	\$47,260
Total				\$775,991	\$808,719	\$860,199	\$913,710
Without CoLTS							
1	\$440,919	\$471,414	\$505,284	\$541,195	\$573,707	\$609,148	\$644,557
2	\$4,999	\$6,939	\$9,055	\$11,340	\$13,672	\$14,516	\$15,360
3	\$142,070	\$163,740	\$187,012	\$211,982	\$236,465	\$251,073	\$265,667
4	\$993	\$2,460	\$4,051	\$5,774	\$7,564	\$8,032	\$8,499
5	\$81,819	\$83,652	\$85,783	\$87,943	\$89,266	\$94,780	\$100,290
Total	\$670,799	\$711,120	\$753,669	\$798,561	\$837,811	\$889,567	\$941,277

Source: New Mexico's 2010 1915(b) waiver renewal, Appendix D. Analysis by The Hilltop Institute at UMBC.

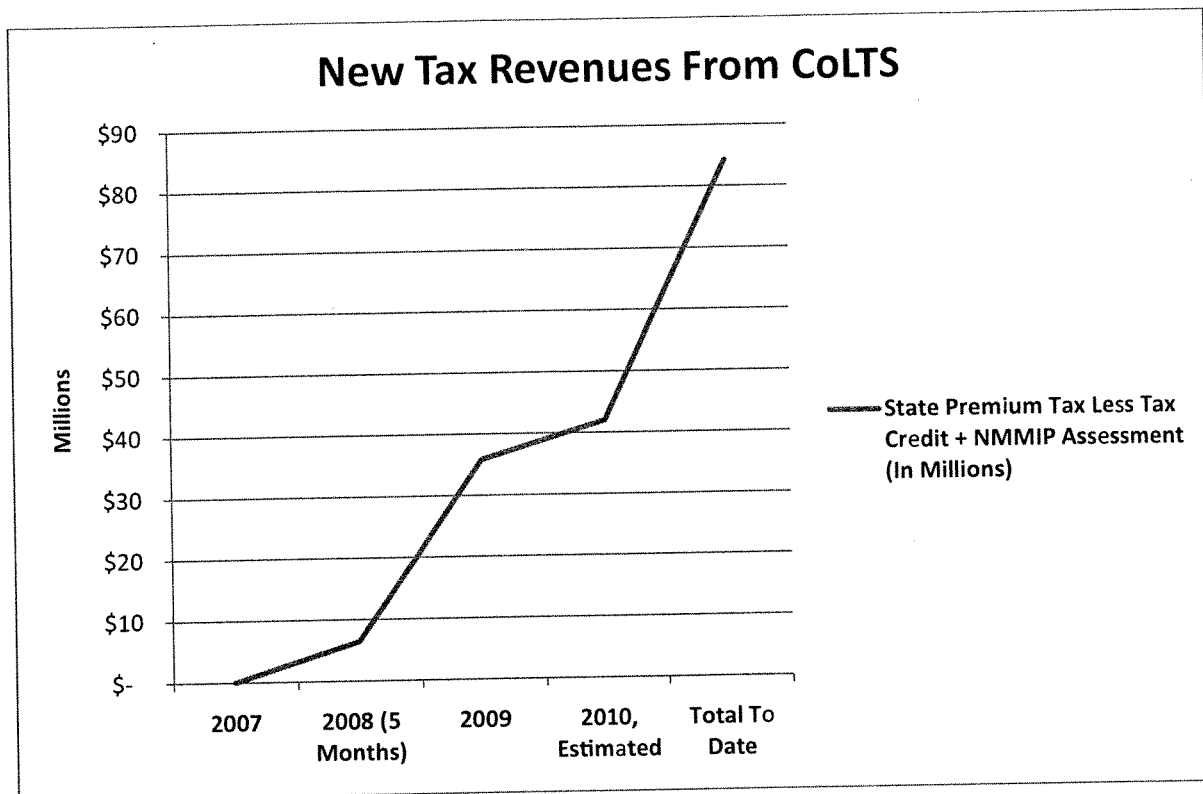
Assumptions:

- **With CoLTS:** Based on actual data for July 2008 through March 2010; projections for FY 2011 and FY 2012 based on estimates by the state's actuary.
- **Without CoLTS:** Uses historical data for FY 2006 and then assumes a 4.3 percent annual increase from FY 2006 to FY 2009 (adjusting for the implementation of Medicare Part D); thereafter, assumes a 3.3 percent annual increase to follow the Consumer Price Index for medical care.

The Value of the Coordination of Long Term Services Program (CoLTS) to New Mexico

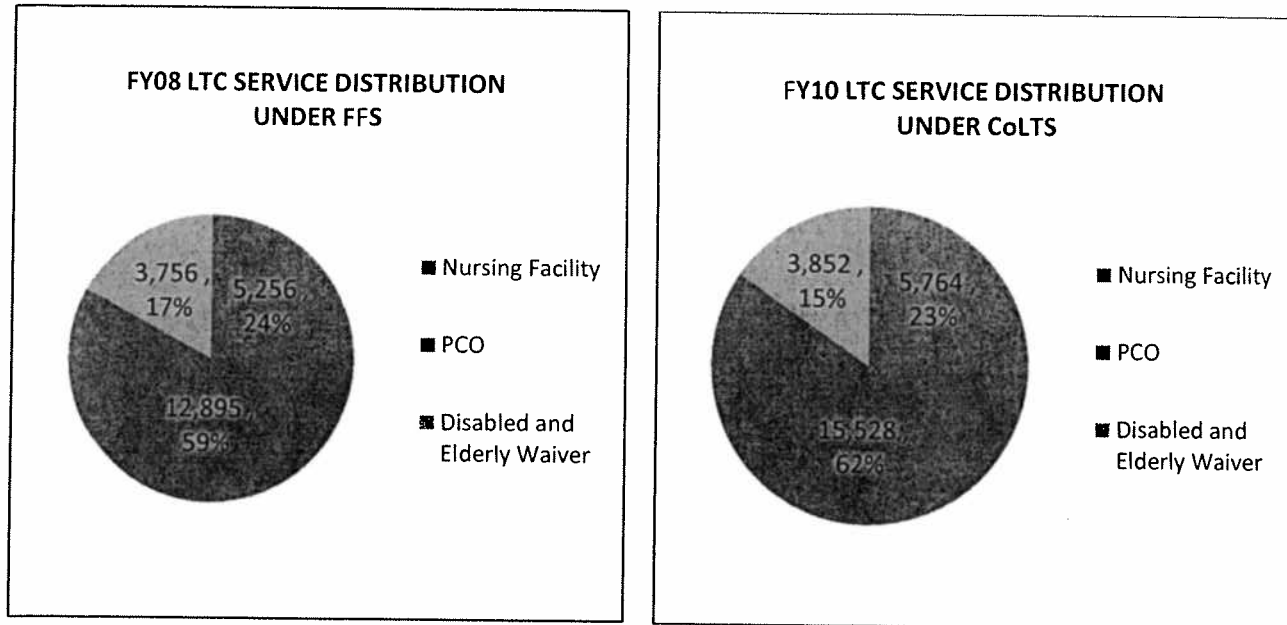
CoLTS Drives Additional Tax Revenue to New Mexico

CoLTS has **increased** revenue to the State of New Mexico by more than **\$84 million** through increased Premium Taxes and assessments since 2008.



With the implementation of the CoLTS program, new premium tax and assessment revenue has been generated to the State of New Mexico. Each managed care organization including the CoLTS MCO's must return 4.003% (which is the premium tax percentage) of their capitation to the Department of Insurance. The CoLTS MCO's have generated more than \$84 million, again through premium tax and assessment revenue since the inception of the CoLTS program which started August 1, 2008.

CoLTS Reduces the Number of Clients Receiving Services in Nursing Homes



Notably, there has been a beneficial impact of the Coordination of Long Term Services Program in its objective to rebalance the New Mexico long term care services system toward increased home and community-based service options as alternatives to nursing facility care. In examining the first year of full statewide CoLTS program implementation, FY 10 (representative of the 7/1/2009-6/30/2010 time period), it can be observed that nursing home services have decreased compared with long term services rendered in the FY 08 fee-for-service environment. Additionally, there has been a significant shift toward Personal Care Options (PCO) services which are in-home supportive care alternatives for older adults and persons living in the community with a disability.

Another trend that will be examined, as the CoLTS program progresses, is the improved health care and optimal functional status outcomes that are achieved with the integration of health care, utilizing both Medicare and Medicaid resources, along with in-home support. The previous fee-for-service environment for individuals requiring long term services has tended to be fragmented and poorly coordinated. Older adults and persons living with a disability are often managing chronic medical conditions without coordination of care and resources, medical service utilization may not be geared to the promotion of optimal health status and, at times, working at cross purposes. With improvements toward optimal health and functional status, individuals can realize the potential of preventing and/or forestalling the reliance on institutional care.

